STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN: 09-01

HB 577 Implementation of 376.391, Limits on Chiropractic Copayments

ISSUED August 30, 2009

TO: Health Insurance Companies, Health Services Corporations, Health Maintenance Organizations, and Chiropractors

FROM: John Huff, Director

RE: HB 577 Implementation of 376.391

Rescinded and Inoperative

DATE: August 30, 2009

The Missouri legislature recently enacted House Bill 577, effective on August 28, 2009.

This legislation prohibits health carriers and health benefit plans from imposing any co-payment that exceeds fifty percent of the total cost of providing any single chiropractic service to its enrollees.

The requirement is applicable to all health carriers and health benefit plans providing coverage in this state. The language in Section 376.391 further states that this includes "but is not limited to preferred provider organizations, independent physicians associations, third-party administrators, or any entity that contracts with licensed health care providers."

For the purposes of clarifying this legislation, the Department interprets the following standards to apply:

- Chiropractic services should be interpreted in a manner consistent with the requirements for chiropractic care found in Section 376.1230 RSMo. Under Section 376.1230, "chiropractic services" means chiropractic care delivered by a licensed chiropractor within the scope of his or her practice as defined in Chapter 331, RSMo.

- To determine the total cost of providing a single chiropractic service delivered by a network chiropractor to enrollees, a health carrier should consider the total cost to be the amount the chiropractor has agreed to accept as payment in full under their provider agreement with the network.
- To determine the total cost of providing a single chiropractic service delivered by a non network chiropractor to enrollees, a health carrier should consider the total cost to be the provider's total billed charge or if applicable under the enrollee's contract, the reasonable and customary charge, maximum allowable charge or other similar terms in the enrollee's contract.
- Covered expense items that are not subject to payment because the enrollee's deductible has not been satisfied should not be considered in these calculations.

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INSURANCE BULLETIN 09 –02

Effect of House Bill 231 on State Continuation Insurance Laws

ISSUED September 4, 2009

TO: All Insurers offering Group Health Insurance

FROM: John M. Huff, Director

RE: Changes in State Continuation Laws for Health Insurance

Rescinded and Inoperative

DATE: September 4, 2009

On June 26, 2009, Governor Jay Nixon signed Missouri House Bill 231 into law. This bill revises Missouri law as to the requirements for continuation of health insurance coverage for small employers with less than 20 employees. Federal law, under the Consolidated Omnibus Budget Reconciliation Act, also known as COBRA, governs health insurance continuation requirements for employers with more than 20 employees.

Previously, differences between Missouri law for small employers and federal COBRA laws in both the scope and duration of coverage existed. Because of the passage of HB 231, Missouri law now requires that the employee be offered a continuation of their health insurance coverage "…in the same manner as continuation of coverage is required under the continuation of coverage provisions set forth in the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), as amended."

The statutory language requiring that continuing health insurance coverage be offered in the "same manner as continuation of coverage is required" under federal COBRA means that Missouri state laws regarding continuation of health insurance coverage now mirror those provided under federal COBRA law. Some of the more notable changes as a result of House Bill 231 are:

Employees - Employees covered by their employer's group health, dental or vision insurance plans have the right under HB 231 to choose Continuation Coverage when the employee loses coverage because of a

reduction in hours of employment or the termination of employment for reasons other than gross misconduct.

Spouses and dependents of employees - Spouses and dependents of an employee covered by the employer's group health, dental or vision insurance have the right to choose Continuation Coverage if they lose group health, dental, or vision coverage under the covered employee's plan for any of the following reasons: 1) death of the employee; 2) reduction in the employee's hours of employment or termination of the employee's employment for reasons other than gross misconduct; 3) the employee becomes entitled to Medicare. In the case of a spouse, they are also entitled to Continuation Coverage in the event of divorce or legal separation from the employee. For dependents, they are also entitled to Continuation Coverage when they cease to be a "dependent child" as defined under the employee's group insurance plan. Dependents would include children adopted by the employee.

Scope of coverage – If an employee, spouse or dependent elects Continuation Coverage, the employer is required to offer the same coverage that is provided under its group insurance plan to all other covered employees, spouses and dependents.

Duration of continuation coverage - In the event of a termination of employment or reduction in hours, the required continuation of coverage period for health, dental, or vision is eighteen (18) months. The initial eighteen (18) month coverage period may be extended up to thirty-six (36) months if other qualifying events occur during the initial eighteen (18) month coverage period. These events could include the disability of the employee, or a second qualifying event occurring during the initial period of Continuation Coverage.

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COBRA coverage may be terminated early - Continuation Coverage may be terminated for any of the following six reasons: 1) the employer no longer provides the group health insurance plan to any of its employees; 2) the premium for Continuation Coverage is not paid on time; 3) the employee, spouse, or dependent becomes covered under another group health plan that does not contain any exclusion or limitation of any pre-existing condition ; 4) after electing Continuation Coverage, the employee, spouse or dependent becomes qualified for coverage under Medicare; 5) the individual who qualified for Continuation Coverage due to disability is no longer classified as disabled; 6) a covered employee, spouse or dependent files a fraudulent claim.

Proof not required - Proof of insurability is not required to choose Continuation Coverage. However, continuation of coverage is subject to eligibility for coverage. Coverage can be cancelled retroactively if the individual is later determined to be ineligible.

Premiums – Previously, Missouri law required that the premiums for Continuation Coverage were not to exceed that of the group rate paid by other insured members. Under the revisions of HB 231, that limitation no longer applies. However, as the legislation provides, those limitations specified under the federal COBRA, as amended, would apply. Accordingly, those exercising their right to Continuation Coverage may be required to pay the entire premium, up to 102% of the group rate. Premiums could be higher for persons exercising their right to extended Continuation Coverage under the disability provisions. Coverage can be terminated for non-payment of premium. There is, however, a 30-day grace period for the payment of premiums.

Notice – COBRA model continuation notices may be used to notify affected employees of their right to health insurance continuation coverage. The department will not promulgate or mandate the use of a state-specific notice form.

Application of new law to current state continuation coverage enrollees – Because of the emergency clause in House Bill 231 and its stated intent to preserve "public health, welfare, peace and safety", the June 26 effective date applies to those individuals whose employment terminates on or after June 26, 2009, as well as those individuals already receiving continuation benefits as of June 26, 2009.

For those individuals already receiving continuation benefits as of June 26, 2009, they would be entitled to a continuation of benefits up to a maximum of 18 months from the original date they first qualified for continuation benefits. That time frame would only be extended beyond 18 months if there is a second qualifying event. The law does not require a secondary enrollment period if the time to elect continuation benefits has already expired.

For further questions or clarifications on the provisions of House Bill 231, please contact the Consumer Services Section at 573/751-2640.

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P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 09 –03

Parity Requirements for Mental Health and Chemical Dependency Benefits

ISSUED September 21, 2009

TO: All Insurance Companies, Health Services Corporations, Health Maintenance Organizations, and Fraternal Benefits Societies Licensed in Missouri

FROM: John M. Huff, Director

Rescinded and Inoperative

RE: Recent federal mental health parity requirements and Missouri's state parity requirements

DATE: September 21, 2009

This bulletin provides a brief summary of the requirements for health benefit plans to cover, or offer coverage, for mental health and chemical dependency/substance use disorder benefits, in light of both state and new federal requirements.

The American Recovery and Reinvestment Act of 2008 included the Mental Health Parity and Equity Addiction Act of 2008 (MHPAEA). MHPAEA is a federal mental health mandate requiring parity in coverage for any benefit plans that cover mental health services and/or chemical dependency services (known in the federal law as "substance use disorder" benefits). (Information is available at CMS's website: http://www.cms.hhs.gov.)

MHPAEA becomes effective for plan years after October 3, 2009. MHPAEA contains an exemption for small employer groups of 1 to 50. MHPAEA does not apply to individual plans.

In Missouri, mental health parity was enacted in 2004, applicable to all group and individual health benefit plans.

A complete, detailed description of the requirements in Missouri related to coverage of mental/chemical/substance benefits is beyond the scope of this document. The following is a brief, general summary of requirements in light of the combination of state and new federal requirements:

- For all group health benefit plans, mental health benefits must be covered. Coverage of mental health benefits must be equivalent to coverage of medical benefits, for both large and small groups.
- Alcoholism must be covered. For large group health benefit plans, the combined obligations of state and federal law are such that coverage of alcoholism must be equivalent to coverage of medical benefits.
- Coverage of chemical/substance benefits beyond alcoholism must be offered. For individual health benefit plans, mental health benefits must be offered. For large group health benefit plans, the combined obligations of state and federal law are such that the offered coverage for chemical/substance benefits must be equivalent to coverage of medical benefits.

Chapter 376 is available in its entirety at: http://www.moga.mo.gov/STATUTES/C376.HTM
Applicable statutes: **Section 376.1550, RSMo Section 376.779, RSMo Sections 376.810-376.814, and 376.825-376.836, RSMo**

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If you have any questions regarding this communication, please contact DIFP at http://insurance.mo.gov/help/comments.htm or toll free at 1-800-726-7390.

MISSOURI DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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MEMORANDUM

TO: All Workers' Compensation Insurance Companies Self-Insured Employers, Group Trusts and Third-Party Administrators

FROM: Lawrence G. Rebman, Director
Missouri Department of Labor and Industrial Relations

John M. Huff, Director
Missouri Department of Insurance, Financial Institutions and Professional Registration

DATE: October 30, 2009

SUBJECT: Rescinded and Inoperative
Workers' Compensation Administrative Tax, Administrative Surcharge and Second Injury Fund Surcharge for the 2010 Calendar Year

As required by Sections 287.690, 287.716 and 287.715 RSMo, the State of Missouri shall impose a workers' compensation administrative tax, administrative surcharge and Second Injury Fund surcharge. For calendar year 2010, the administrative tax will be **1.0 percent**, the administrative surcharge will be **1.0 percent** and the Second Injury Fund surcharge will be **3.0 percent**.

Section 287.690 RSMo authorizes the imposition of an administrative tax not to exceed two percent. Section 287.716 RSMo authorizes the imposition of an administrative surcharge at the same rate as the administrative tax. The revenue from the administrative tax and the administrative surcharge is used to fund the expenses associated with the administration of the Missouri Workers' Compensation law.[1]

[1] For Fiscal Year 2010, the Division of Workers' Compensation is incurring additional expenses of approximately $400,000 due to a Cole County Circuit Court order (on appeal in the Western District Court of Appeals) that requires payment of the salaries and associated expenditures for three administrative law judges whose positions were not included in the Division's FY2010 budget approved by the General Assembly.

The revenue generated by the Second Injury Fund surcharge is used to pay benefit and expense liabilities of the fund. Pursuant to section 287.715 RSMo, the Second Injury Fund surcharge shall not exceed three percent.

Additional information about the functions and services of the Division of Workers' Compensation and the Second Injury Fund may be found at www.labor.mo.gov/wc.

The Department of Labor and Industrial Relations and the Department of Insurance, Financial Institutions and Professional Registration look forward to working with you in 2010. If you have questions or need additional information, contact the Division of Workers' Compensation at 800-775-2667 or the Department of Insurance, Financial Institutions and Professional Registration at 800-394-0964.

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